

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X

In re:

Arreda K. Cotten,

Chapter 13

Case No.: 16-36890-cgm

Judge: Cecelia G. Morris

Debtor.

-----X

**STIPULATION AND CONSENT ORDER**

Whereas, on February 13, 2017, Arreda K. Cotten (the “Debtor”) filed a Motion for Valuation of Collateral, Bifurcating and Voiding Lien, and Objecting to Claim against Seterus, Inc. as the authorized subservicer for Federal National Mortgage Association (“Fannie Mae”), a corporation organized and existing under the laws of the United States of America (“Seterus”), holder of a mortgage on the real property located at and commonly known as 25 Clark Street, Newburgh, NY 12550 (the “Property”) pursuant to 11 U.S.C. §§506(a), 506(d), 1325(a)(9), §502(a)(1) and Federal Rule of Bankruptcy Procedure 3007.

**WHEREAS**, Seterus is the holder of a mortgage, dated July 30, 2007, in the original principal amount of \$205,707.00 to Mortgage Electronic Registration Systems, Inc. as nominee for First Magnus Financial Corporation (the “Mortgage”); and

**WHEREAS**, Seterus filed a Proof of Claim, filed as claim number 6-1 on the claims register, reflecting a total claim of \$219,902.54, and pre-petition arrears of \$15,352.33 (the “Seterus Claim”); and

**WHEREAS**, on February 13, 2017 the Debtor filed a Motion to Value Seterus's claim, seeking to reduce the balance of Seterus' claim to the fair market value of the collateral (the "Motion"); and

**WHEREAS**, the Debtor attached a valuation to the Motion indicating a value of the Property of \$65,000.00; and

**WHEREAS**, Seterus has an interior appraisal of the Property completed, which indicated a valuation of the property of \$75,000.00; and

**WHEREAS**, the Debtor and Seterus desire to resolve this matter without further hearing, and Seterus, by counsel, having consented to the entry of judgment herein; and

**WHEREAS**, the Debtor and Seterus seek to avoid the necessity of an evidentiary hearing with respect to the value of the Property;

**NOW**, upon the application of Richard Schisano, Esq., attorney for the Debtor, it is hereby:

**ORDERED** that the Motion is deemed settled; and it is further

**ORDERED** that for the purposes of the bankruptcy, the mortgage given to Seterus to secure the Debtor's Property shall be modified to an allowed Secured Claim as follows: The principal amount of \$70,000.00 shall be paid in full, plus interest at the rate of 5% per annum, for a term of 60 months, to be paid inside the Plan by the Trustee; and it is further

**ORDERED** that the remaining balance of Seterus's claim, totaling \$149,902.54, shall be deemed wholly unsecured and shall participate in pro-rata distribution as an unsecured claim; and it is further

**ORDERED** that all other terms of the note and deed of trust, including the default provisions, will remain in full effect; and it is further

**ORDERED** that upon the completion of all required payments to the Trustee and the issuance of a discharge to the Debtor in the Chapter 13 case, the Clerk of the County of Orange, New York shall mark on its records that Seterus's mortgage on the Property, appearing at Liber 12504, at Page 0999 is void pursuant to Bankruptcy Court Order; and it is further

**ORDERED** that in the event that the underlying bankruptcy case is dismissed without the Debtor obtaining a discharge or if the underlying bankruptcy case is converted to another Chapter, other than Chapter 11, then in such event, the contractual terms of the Note and Mortgage are reinstated and Seterus shall retain its mortgage lien and security interest in the subject premises as it exists as of the date of entry of this Order and Judgment; and it is further

**ORDERED** that all parties shall bear their own costs in connection with the Motion and the instant stipulation.

Acknowledged and Agreed:

/s/Robert W. Griswold  
By: Robert W. Griswold, Esq  
Attorney for JPMorgan Chase Bank, N.A.

Dated: 7/27/2017

/s/Richard Schisano  
By: Richard Schisano, Esq.  
Attorney for Debtor

Dated: 7/27/2017

**So Ordered**

**Dated: July 31, 2017**  
**Poughkeepsie, New York**



/s/ Cecelia G. Morris  
**Hon. Cecelia G. Morris**  
**Chief U.S. Bankruptcy Judge**